

**The Rt Hon Lord Mandelson**

Secretary of State for  
Business Innovation & Skills

The Rt Hon Tessa Jowell MP  
House of Commons  
London  
SW1A 0AA

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Your ref:

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*Dear Tessa,*

Thank you for your letter of 12 November, enclosing correspondence on behalf of a number of your constituents, about the Independent Review of Higher Education (HE) Funding and Student Finance.

I would like to ensure your constituents that I am particularly concerned to ensure that the chance to participate in HE should not be denied to those from poorer backgrounds. A number of policy interventions have been developed to remove financial barriers to HE, including: the abolition of up-front fees and the introduction of an income-dependent repayment mechanism; HE Institution bursaries for students from poorer backgrounds; and the reintroduction of grants worth up to £2,906 a year for students from poorer backgrounds. Eligibility for grants and bursaries means that lower income students need not be deterred by the prospect of debt. We realise that without this support students from low income families might otherwise have difficulty accessing, or remaining in HE. We made a commitment that one third of students would get a full grant; we now expect that this will be closer to 40% of students.

The evidence shows that these policies are working, and that people are not being put off university as a result of the introduction of variable fees. The latest Universities and Colleges Admissions Service data shows that the number of young people from poorer backgrounds accepted to university rose by 8% this year, compared with a rise of 3.8% for those from more privileged backgrounds.

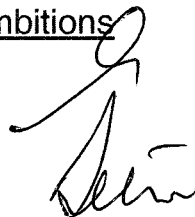
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We made clear during the passage of the HE Act in 2004 that an independent review would look at all aspects of the operation of the new fee arrangements based on the first three years' operation of the policy and report to Parliament. As you will know, we have now announced the appointment of Lord Browne of Madingley as chair of the Independent Review of HE Funding and Student Finance to undertake this work. In assessing options, the review will be expected to take into account the goal of widening participation, affordability and the desirability of a simplification of the student support system.

The review will make recommendations to the Government next year on the future balance of contributions to HE funding by taxpayers, students, graduates and employers, and will look at financial support for full and part-time undergraduate and postgraduate students. It will seek a fairly balanced approach, without placing an unreasonable or counter-productive burden on any single source of funding.

The members of the panel were not selected to represent any specific interest. The panel will work together as a whole, bringing different perspectives to bear on the issues. All members are independent figures drawn from HE and business. The process of the review will be open and consultative, and there will be opportunities to contribute as the review takes evidence.

Finally, as you will also know, we have recently unveiled a new framework for the future success of HE, setting out the important role universities will play in securing the country's economic recovery and long term prosperity. The framework, Higher Ambitions, sets out a strategy for universities to remain world class, providing the nation with the high level skills needed to remain competitive, while continuing to attract the brightest students and researchers. The framework can be viewed at [www.bis.gov.uk/policies/higher-ambitions](http://www.bis.gov.uk/policies/higher-ambitions)



**PETER MANDELSON**